

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Gas Company d/b/a
Keyspan Energy New England

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D.T.E. 03-40

FIRST SET OF INFORMATION REQUESTS
OF THE MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

May 30, 2003

- MDFA 1-1 Refer to Exhibit KEDNE/ALS-1, page 27. Please explain in detail the basis for the Company's proposed elimination of the demand charge in the G-44 rate class.
- MDFA 1-2 Refer to Exhibit KEDNE/ALS-1, page 27. Please provide all documentation relied upon by Mr. Silvestrini to support the assertion that "cost-effective gas demand meters are not available."
- MDFA 1-3 Refer to Exhibit KEDNE/ALS-1, page 27. Please indicate whether any of the Company's existing G-44 customers have demand meters installed. If so, please indicate how many G-44 customers have demand meters.
- MDFA 1-4 Refer to the Company's response to MDFA 1-3. Please indicate why it is appropriate to charge volumetric rates to those G-44 customers that have demand meters.
- MDFA 1-5 Refer to Exh. KEDNE/ALS-5. Please provide a revised version of pages 5, 11 and 17 that reflects the projected bill impacts for G-44 customers as a percentage of distribution rates only.
- MDFA 1-6: Refer to Exh. KEDNE/ALS-5. Please explain how the projected increases reflected on page 17 of 19 of ALS-5 to G-44 customers in the off-peak period are consistent with the Company's stated rate continuity objectives.

- MDFA 1-7: Refer to Exh. KEDNE/JFB-1, page 3, lines 15-17. Please explain whether bill impacts to all customers will be limited to no more than a ten percent increase as compared to the customer's 2002 total bill.
- MDFA 1-8: Refer to the Company's response to MDFA 1-7. Please provide the number of customers in each rate class that are projected to experience an increase of greater than ten percent as compared to the customer's 2002 total bill if the Company's proposed distribution rate increase is approved as proposed.
- MDFA 1-9: Refer to Exh. KEDNE/JFB-1, page 27. Please indicate whether the Company proposes to limit future price cap increases to all customers to no greater than the rate of inflation on an annual basis.
- MDFA 1-10: Refer to Exh. KEDNE/JFB-1, page 35. Please provide the average rate impact for customers in each rate class expressed both as a dollar amount and percentage increase to current distribution rates that would result from the Company's estimated pension/PBOP expense for 2003 if the Company's proposed reconciliation mechanism for pension obligations were in effect for the full calendar year 2003. Specify any and all assumptions made in performing this analysis.
- MDFA 1-11: Refer to Exh. KEDNE/PRM-1. Please indicate which LDCs in the barometer group utilized by Mr. Moul presently have in effect weather normalization clauses ("WNC") similar to that proposed by the Company. For each LDC operating under a WNC, provide the date such weather normalization clause was approved and a copy of the relevant PUC Order approving such clause.
- MDFA 1-12: Refer to Exh. KEDNE/PRM-1. Please specify in detail how Mr. Moul's analysis of the Company's risk profile reflects the impact of the Company's proposed WNC.
- MDFA 1-13: Refer to Exh. KEDNE/PRM-1. Please provide all approved rates of return on common equity authorized for any local gas distribution company located in the U.S. authorized by a governing Public Utilities Commission from January 1, 2002 to the present.
- MDFA 1-14: Refer to Exh. KEDNE/PRM-1. Please explain in detail whether and how the recently enacted changes to the federal tax code impact Mr. Moul's analysis and recommendations contained in PRM-1.
- MDFA 1-15: Refer to Exh. KEDNE/PRM-1. Please indicate whether any of the LDCs used in Mr. Moul's barometer group presently operate pursuant to price cap or other incentive rate mechanisms. For each LDC operating pursuant to a method of rate

regulation other than traditional cost of service ratemaking, please provide a description of the price cap or incentive regulation plan and provide a copy of the relevant PUC Order approving such plan.

MDFA 1-16: Refer to Exh. KEDNE/PRM-1. Please indicate whether any LDCs used in Mr. Moul's barometer group have in place approved mechanisms similar to the Company's proposed Pension/PBOP Reconciliation Mechanism. If so, please describe each approved mechanism and provide a copy of the relevant PUC Order approving such reconciliation mechanism.